
BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: Z-0057.5/11 5th draft

ATTY/TYPIST: ML:seg

BRIEF DESCRIPTION: Modifying the Columbia river basin management
program.

1 AN ACT Relating to modifying the Columbia river basin management
2 program to prospectively maximize investment tools; amending RCW
3 90.90.010, 90.90.020, and 90.90.040; reenacting and amending RCW
4 43.84.092; and adding new sections to chapter 90.90 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 90.90.010 and 2006 c 6 s 2 are each amended to read as
7 follows:

8 (1) The Columbia river basin water supply development account is
9 created in the state treasury. The account may receive direct
10 appropriations from the legislature, receipts of any funds pursuant to
11 RCW 90.90.020 and 90.90.030, or funds from any other sources. The
12 account is intended to fund projects using tax exempt bonds.

13 (2)(a) Expenditures from the Columbia river basin water supply
14 development account may be used to assess, plan, and develop new
15 storage, improve or alter operations of existing storage facilities,
16 implement conservation projects, develop pump exchanges, or any other
17 actions designed to provide access to new water supplies within the
18 Columbia river basin for both instream and out-of-stream uses. Except
19 for the development of new storage projects and pump exchanges, there

1 shall be no expenditures from this account for water acquisition or
2 transfers from one water resource inventory area to another without
3 specific legislative authority. For purposes of this chapter, "pump
4 exchanges" means water supply development projects that exchange water
5 from one source to another or relocate an existing diversion
6 downstream, with resulting instream benefit.

7 (b) Two-thirds of the funds placed in the account shall be used to
8 support the development of new storage facilities and pump exchanges;
9 the remaining one-third shall be used for the other purposes listed in
10 this section.

11 (3)(a) Funds may not be expended from this account for the
12 construction of a new storage facility until the department of ecology
13 evaluates the following:

- 14 (i) Water uses to be served by the facility;
- 15 (ii) The quantity of water necessary to meet those uses;
- 16 (iii) The benefits and costs to the state of meeting those uses,
17 including short-term and long-term economic, cultural, and
18 environmental effects; and
- 19 (iv) Alternative means of supplying water to meet those uses,
20 including the costs of those alternatives and an analysis of the extent
21 to which long-term water supply needs can be met using these
22 alternatives.

23 (b) The department of ecology may rely on studies and information
24 developed through compliance with other state and federal permit
25 requirements and other sources. The department shall compile its
26 findings and conclusions, and provide a summary of the information it
27 reviewed.

28 (c) Before finalizing its evaluation under the provisions of this
29 section, the department of ecology shall make the preliminary
30 evaluation available to the public. Public comment may be made to the
31 department within thirty days of the date the preliminary evaluation is
32 made public.

33 (4) Net water savings achieved through conservation measures funded
34 by the account shall be placed in trust in proportion to the state
35 funding provided to implement a project.

36 (5) Net water savings achieved through conservation measures funded
37 by the account developed within the boundaries of the federal Columbia

1 river reclamation project and directed to the Odessa subarea to reduce
2 the use of groundwater for existing irrigation is exempt from the
3 provisions of subsection (4) of this section.

4 (6) The department of ecology may enter into water service
5 contracts with applicants receiving water from the program to recover
6 all or a portion of the cost of developing the water supply. Charges
7 may include direct costs incurred by the department to study,
8 construct, operate, and maintain the project. The department may
9 recapture power revenue generated by the water supply developed by the
10 department through water service contracts. Revenue collected from
11 water service contracts must be deposited into the Columbia river basin
12 water supply revenue recovery account created in section 3 of this act.
13 The department may adopt rules describing the methodology as to how
14 charges will be established and direct costs recovered for water supply
15 developed under the Columbia river basin water supply program. Water
16 service contracts with federal agencies under RCW 90.42.150 are not
17 required to be established by rule.

18 (7) Moneys in the Columbia river basin water supply development
19 account created in this section may be spent only after appropriation.

20 ~~((+7))~~ (8) Interest earned by deposits in the account will be
21 retained in the account.

22 NEW SECTION. Sec. 2. A new section is added to chapter 90.90 RCW
23 to read as follows:

24 (1) The Columbia river basin taxable bond water supply development
25 account is created in the state treasury. All receipts from direct
26 appropriations from the legislature, moneys directed to the account
27 pursuant to RCW 90.90.020 and 90.90.030, or moneys directed to the
28 account from any other sources must be deposited in the account.
29 Moneys in the account may be spent only after appropriation. The
30 account is intended to fund projects using taxable bonds. Expenditures
31 from the account may be used only as provided in this section.

32 (2)(a) Expenditures from the Columbia river basin taxable bond
33 water supply development account may be used to assess, plan, and
34 develop new storage, improve or alter operations of existing storage
35 facilities, implement conservation projects, develop pump exchanges, or
36 any other actions designed to provide access to new water supplies
37 within the Columbia river basin for both instream and out-of-stream

1 uses. Except for the development of new storage projects and pump
2 exchanges, there may be no expenditures from the account for water
3 acquisition or transfers from one water resource inventory area to
4 another without specific legislative authority. For the purposes of
5 this section, the term "pump exchanges" means water supply development
6 projects that exchange water from one source to another or relocate an
7 existing diversion downstream, with resulting instream benefit.

8 (b) Two-thirds of the moneys placed in the account must be used to
9 support the development of new storage facilities and pump exchanges;
10 the remaining one-third of the moneys must be used for the other
11 purposes listed in this section.

12 (3)(a) Funds may not be expended from the account for the
13 construction of a new storage facility until the department of ecology
14 evaluates the following:

15 (i) Water uses to be served by the facility;
16 (ii) The quantity of water necessary to meet those uses;
17 (iii) The benefits and costs to the state of meeting those uses,
18 including short-term and long-term economic, cultural, and
19 environmental effects; and

20 (iv) Alternative means of supplying water to meet those uses,
21 including the costs of those alternatives and an analysis of the extent
22 to which long-term water supply needs can be met using these
23 alternatives.

24 (b) The department of ecology may rely on studies and information
25 developed through compliance with other state and federal permit
26 requirements and other sources. The department shall compile its
27 findings and conclusions, and provide a summary of the information it
28 reviewed.

29 (c) Before finalizing its evaluation under the provisions of this
30 section, the department of ecology shall make the preliminary
31 evaluation available to the public. Public comment may be made to the
32 department within thirty days of the date the preliminary evaluation is
33 made public.

34 (4) Net water savings achieved through conservation measures funded
35 by the account shall be placed in trust in proportion to the state
36 funding provided to implement a project.

37 (5) Net water savings achieved through conservation measures funded
38 by the account developed within the boundaries of the federal Columbia

1 river reclamation project and directed to the Odessa subarea to reduce
2 the use of groundwater for existing irrigation is exempt from the
3 provisions of subsection (4) of this section.

4 (6) The department of ecology may enter into water service
5 contracts with applicants receiving water from the program to recover
6 all or a portion of the cost of developing the water supply. Charges
7 may include direct costs incurred by the department to study,
8 construct, operate, and maintain the project. The department may
9 recapture power revenue generated by the water supply developed by the
10 department through water service contracts. Revenue collected from
11 water service contracts must be deposited into the Columbia river basin
12 water supply revenue recovery account created in section 3 of this act.
13 The department may adopt rules describing the methodology as to how
14 charges will be established and direct costs recovered for water supply
15 developed under the Columbia river basin water supply program. Water
16 service contracts with federal agencies under RCW 90.42.150 are not
17 required to be established by rule.

18 (7) Interest earned by deposits in the account will be retained in
19 the account.

20 NEW SECTION. **Sec. 3.** A new section is added to chapter 90.90 RCW
21 to read as follows:

22 (1) The Columbia river basin water supply revenue recovery account
23 is created in the state treasury. All receipts from direct
24 appropriations from the legislature, moneys directed to the account
25 pursuant to RCW 90.90.020 and 90.90.030, revenue from water service
26 contracts described in this chapter, or moneys directed into the
27 account from any other sources must be deposited in the account.
28 Moneys in the account may be spent only after appropriation.
29 Expenditures from the account may be used only as provided in this
30 section.

31 (2)(a) Expenditures from the Columbia river basin water supply
32 revenue recovery account may be used to assess, plan, and develop new
33 storage, improve or alter operations of existing storage facilities,
34 implement conservation projects, develop pump exchanges, or any other
35 actions designed to provide access to new water supplies within the
36 Columbia river basin for both instream and out-of-stream uses. Except
37 for the development of new storage projects and pump exchanges, there

1 may be no expenditures from the account for water acquisition or
2 transfers from one water resource inventory area to another without
3 specific legislative authority. For the purposes of this section, the
4 term "pump exchanges" means water supply development projects that
5 exchange water from one source to another or relocate an existing
6 diversion downstream, with resulting instream benefit.

7 (b) Two-thirds of the moneys placed in the account must be used to
8 support the development of new storage facilities and pump exchanges;
9 the remaining one-third of the moneys must be used for the other
10 purposes listed in this section.

11 (3)(a) Funds may not be expended from the account for the
12 construction of a new storage facility until the department of ecology
13 evaluates the following:

14 (i) Water uses to be served by the facility;

15 (ii) The quantity of water necessary to meet those uses;

16 (iii) The benefits and costs to the state of meeting those uses,
17 including short-term and long-term economic, cultural, and
18 environmental effects; and

19 (iv) Alternative means of supplying water to meet those uses,
20 including the costs of those alternatives and an analysis of the extent
21 to which long-term water supply needs can be met using these
22 alternatives.

23 (b) The department of ecology may rely on studies and information
24 developed through compliance with other state and federal permit
25 requirements and other sources. The department shall compile its
26 findings and conclusions, and provide a summary of the information it
27 reviewed.

28 (c) Before finalizing its evaluation under the provisions of this
29 section, the department of ecology shall make the preliminary
30 evaluation available to the public. Public comment may be made to the
31 department within thirty days of the date the preliminary evaluation is
32 made public.

33 (4) Net water savings achieved through conservation measures funded
34 by the account shall be placed in trust in proportion to the state
35 funding provided to implement a project.

36 (5) Net water savings achieved through conservation measures funded
37 by the account developed within the boundaries of the federal Columbia

1 river reclamation project and directed to the Odessa subarea to reduce
2 the use of groundwater for existing irrigation is exempt from the
3 provisions of subsection (4) of this section.

4 (6) The department of ecology may enter into water service
5 contracts with applicants receiving water from the program to recover
6 all or a portion of the cost of developing the water supply. Charges
7 may include direct costs incurred by the department to study,
8 construct, operate, and maintain the project. The department may
9 recapture power revenue generated by the water supply developed by the
10 department through water service contracts. Revenue collected from
11 water service contracts must be deposited into the Columbia river basin
12 water supply revenue recovery account created in this section. The
13 department may adopt rules describing the methodology as to how charges
14 will be established and direct costs recovered for water supply
15 developed under the Columbia river basin water supply program. Water
16 service contracts with federal agencies under RCW 90.42.150 are not
17 required to be established by rule.

18 (7) Interest earned by deposits in the account will be retained in
19 the account.

20 **Sec. 4.** RCW 90.90.020 and 2006 c 6 s 3 are each amended to read as
21 follows:

22 (1)(a) Water supplies secured through the development of new
23 storage facilities made possible with funding from the Columbia river
24 basin water supply development account, the Columbia river basin
25 taxable bond water supply development account, and the Columbia river
26 basin water supply revenue recovery account shall be allocated as
27 follows:

28 (i) Two-thirds of aggregate active storage shall be available for
29 appropriation for out-of-stream uses; and

30 (ii) One-third of aggregate active storage shall be available to
31 augment instream flows and shall be managed by the department of
32 ecology. The timing of releases of this water shall be determined by
33 the department of ecology, in cooperation with the department of fish
34 and wildlife and fisheries comanagers, to maximize benefits to salmon
35 and steelhead populations. For the purposes of this section,
36 "aggregate" refers to the total amount of active storage amongst all
37 projects made possible with funding from the Columbia river basin water

1 supply development account, the Columbia river basin taxable bond water
2 supply development account, and the Columbia river basin water supply
3 revenue recovery account.

4 (b) Water available for appropriation under (a)(i) of this
5 subsection but not yet appropriated shall be temporarily available to
6 augment instream flows to the extent that it does not impair existing
7 water rights.

8 (2) Water developed under the provisions of this section to offset
9 out-of-stream uses and for instream flows is deemed adequate mitigation
10 for the issuance of new water rights provided for in subsection (1)(a)
11 of this section and satisfies all consultation requirements under state
12 law related to the issuance of new water rights.

13 (3) The department of ecology shall focus its efforts to develop
14 water supplies for the Columbia river basin on the following needs:

15 (a) Alternatives to groundwater for agricultural users in the
16 Odessa subarea aquifer;

17 (b) Sources of water supply for pending water right applications;

18 (c) A new uninterruptible supply of water for the holders of
19 interruptible water rights on the Columbia river mainstem that are
20 subject to instream flows or other mitigation conditions to protect
21 stream flows; and

22 (d) New municipal, domestic, industrial, and irrigation water needs
23 within the Columbia river basin.

24 (4) The one-third/two-thirds allocation of water resources between
25 instream and out-of-stream uses established in this section does not
26 apply to applications for changes or transfers of existing water rights
27 in the Columbia river basin.

28 NEW SECTION. Sec. 5. A new section is added to chapter 90.90 RCW
29 to read as follows:

30 Two-thirds of the water made available through reoperation of
31 Sullivan lake funded from the Columbia river basin water supply
32 development account created in RCW 90.90.010 must be used to supply or
33 offset out-of-stream uses described in RCW 90.90.020(3) in Pend
34 Oreille, Stevens, Ferry, Douglas, Lincoln, and Okanogan counties. At
35 least one-half of this quantity must be made available for municipal,
36 domestic, and industrial uses.

1 **Sec. 6.** RCW 90.90.040 and 2006 c 6 s 5 are each amended to read as
2 follows:

3 (1) To support the development of new water supplies in the
4 Columbia river and to protect instream flow, the department of ecology
5 shall work with all interested parties, including interested county
6 legislative authorities and watershed planning groups, (~~adjacent to~~)
7 in the Columbia river basin, and affected tribal governments, to
8 develop a Columbia river water supply inventory and a long-term water
9 supply and demand forecast. The inventory must include:

10 (a) A list of conservation projects that have been implemented
11 under this chapter and the amount of water conservation they have
12 achieved; and

13 (b) A list of potential water supply and storage projects in the
14 Columbia river basin, including estimates of:

15 (i) Cost per acre-foot;

16 (ii) Benefit to fish and other instream needs;

17 (iii) Benefit to out-of-stream needs; (~~and~~)

18 (iv) Environmental and cultural impacts;

19 (v) An accounting of how the department of ecology has met the
20 two-thirds out-of-stream and one-third instream balance for storage
21 projects in aggregate; and

22 (vi) Information on how aggregation has achieved instream and
23 out-of-stream benefits throughout the Columbia river basin.

24 (2) The department of ecology shall complete the first Columbia
25 river water supply inventory by November 15, 2006, and shall update the
26 inventory annually thereafter.

27 (3) The department of ecology shall complete the first Columbia
28 river long-term water supply and demand forecast by November 15, 2006,
29 and shall update the report every five years thereafter.

30 **Sec. 7.** RCW 43.84.092 and 2010 1st sp.s. c 30 s 20, 2010 1st sp.s.
31 c 9 s 7, 2010 c 248 s 6, 2010 c 222 s 5, 2010 c 162 s 6, and 2010 c 145
32 s 11 are each reenacted and amended to read as follows:

33 (1) All earnings of investments of surplus balances in the state
34 treasury shall be deposited to the treasury income account, which
35 account is hereby established in the state treasury.

36 (2) The treasury income account shall be utilized to pay or receive
37 funds associated with federal programs as required by the federal cash

1 management improvement act of 1990. The treasury income account is
2 subject in all respects to chapter 43.88 RCW, but no appropriation is
3 required for refunds or allocations of interest earnings required by
4 the cash management improvement act. Refunds of interest to the
5 federal treasury required under the cash management improvement act
6 fall under RCW 43.88.180 and shall not require appropriation. The
7 office of financial management shall determine the amounts due to or
8 from the federal government pursuant to the cash management improvement
9 act. The office of financial management may direct transfers of funds
10 between accounts as deemed necessary to implement the provisions of the
11 cash management improvement act, and this subsection. Refunds or
12 allocations shall occur prior to the distributions of earnings set
13 forth in subsection (4) of this section.

14 (3) Except for the provisions of RCW 43.84.160, the treasury income
15 account may be utilized for the payment of purchased banking services
16 on behalf of treasury funds including, but not limited to, depository,
17 safekeeping, and disbursement functions for the state treasury and
18 affected state agencies. The treasury income account is subject in all
19 respects to chapter 43.88 RCW, but no appropriation is required for
20 payments to financial institutions. Payments shall occur prior to
21 distribution of earnings set forth in subsection (4) of this section.

22 (4) Monthly, the state treasurer shall distribute the earnings
23 credited to the treasury income account. The state treasurer shall
24 credit the general fund with all the earnings credited to the treasury
25 income account except:

26 (a) The following accounts and funds shall receive their
27 proportionate share of earnings based upon each account's and fund's
28 average daily balance for the period: The aeronautics account, the
29 aircraft search and rescue account, the budget stabilization account,
30 the capitol building construction account, the Cedar River channel
31 construction and operation account, the Central Washington University
32 capital projects account, the charitable, educational, penal and
33 reformatory institutions account, the cleanup settlement account, the
34 Columbia river basin water supply development account, the Columbia
35 river basin taxable bond water supply development account, the Columbia
36 river basin water supply revenue recovery account, the common school
37 construction fund, the county arterial preservation account, the county
38 criminal justice assistance account, the county sales and use tax

1 equalization account, the deferred compensation administrative account,
2 the deferred compensation principal account, the department of
3 licensing services account, the department of retirement systems
4 expense account, the developmental disabilities community trust
5 account, the drinking water assistance account, the drinking water
6 assistance administrative account, the drinking water assistance
7 repayment account, the Eastern Washington University capital projects
8 account, the education construction fund, the education legacy trust
9 account, the election account, the energy freedom account, the energy
10 recovery act account, the essential rail assistance account, The
11 Evergreen State College capital projects account, the federal forest
12 revolving account, the ferry bond retirement fund, the freight
13 congestion relief account, the freight mobility investment account, the
14 freight mobility multimodal account, the grade crossing protective
15 fund, the public health services account, the health system capacity
16 account, the high capacity transportation account, the state higher
17 education construction account, the higher education construction
18 account, the highway bond retirement fund, the highway infrastructure
19 account, the highway safety account, the high occupancy toll lanes
20 operations account, the hospital safety net assessment fund, the
21 industrial insurance premium refund account, the judges' retirement
22 account, the judicial retirement administrative account, the judicial
23 retirement principal account, the local leasehold excise tax account,
24 the local real estate excise tax account, the local sales and use tax
25 account, the marine resources stewardship trust account, the medical
26 aid account, the mobile home park relocation fund, the motor vehicle
27 fund, the motorcycle safety education account, the multiagency
28 permitting team account, the multimodal transportation account, the
29 municipal criminal justice assistance account, the municipal sales and
30 use tax equalization account, the natural resources deposit account,
31 the oyster reserve land account, the pension funding stabilization
32 account, the perpetual surveillance and maintenance account, the public
33 employees' retirement system plan 1 account, the public employees'
34 retirement system combined plan 2 and plan 3 account, the public
35 facilities construction loan revolving account beginning July 1, 2004,
36 the public health supplemental account, the public transportation
37 systems account, the public works assistance account, the Puget Sound
38 capital construction account, the Puget Sound ferry operations account,

1 the Puyallup tribal settlement account, the real estate appraiser
2 commission account, the recreational vehicle account, the regional
3 mobility grant program account, the resource management cost account,
4 the rural arterial trust account, the rural Washington loan fund, the
5 site closure account, the small city pavement and sidewalk account, the
6 special category C account, the special wildlife account, the state
7 employees' insurance account, the state employees' insurance reserve
8 account, the state investment board expense account, the state
9 investment board commingled trust fund accounts, the state patrol
10 highway account, the state route number 520 civil penalties account,
11 the state route number 520 corridor account, the supplemental pension
12 account, the Tacoma Narrows toll bridge account, the teachers'
13 retirement system plan 1 account, the teachers' retirement system
14 combined plan 2 and plan 3 account, the tobacco prevention and control
15 account, the tobacco settlement account, the transportation 2003
16 account (nickel account), the transportation equipment fund, the
17 transportation fund, the transportation improvement account, the
18 transportation improvement board bond retirement account, the
19 transportation infrastructure account, the transportation partnership
20 account, the traumatic brain injury account, the tuition recovery trust
21 fund, the University of Washington bond retirement fund, the University
22 of Washington building account, the urban arterial trust account, the
23 volunteer firefighters' and reserve officers' relief and pension
24 principal fund, the volunteer firefighters' and reserve officers'
25 administrative fund, the Washington judicial retirement system account,
26 the Washington law enforcement officers' and firefighters' system plan
27 1 retirement account, the Washington law enforcement officers' and
28 firefighters' system plan 2 retirement account, the Washington public
29 safety employees' plan 2 retirement account, the Washington school
30 employees' retirement system combined plan 2 and 3 account, the
31 Washington state health insurance pool account, the Washington state
32 patrol retirement account, the Washington State University building
33 account, the Washington State University bond retirement fund, the
34 water pollution control revolving fund, and the Western Washington
35 University capital projects account. Earnings derived from investing
36 balances of the agricultural permanent fund, the normal school
37 permanent fund, the permanent common school fund, the scientific

1 permanent fund, and the state university permanent fund shall be
2 allocated to their respective beneficiary accounts.

3 (b) Any state agency that has independent authority over accounts
4 or funds not statutorily required to be held in the state treasury that
5 deposits funds into a fund or account in the state treasury pursuant to
6 an agreement with the office of the state treasurer shall receive its
7 proportionate share of earnings based upon each account's or fund's
8 average daily balance for the period.

9 (5) In conformance with Article II, section 37 of the state
10 Constitution, no treasury accounts or funds shall be allocated earnings
11 without the specific affirmative directive of this section.

--- END ---